

Economic Analysis of Law Practical Dimensions in Transforming Economies

Irina Atanasova¹

Stanka Rinkova²

¹ South-West University "Neofit Rilski", Faculty of Economics, Department "Economics", 2700 Blagoevgrad, 2 Krali Marco str., Bulgaria, atanasova_irina@yahoo.com

² South-West University "Neofit Rilski", Faculty of Economics, Department "Economics", 2700 Blagoevgrad, 2 Krali Marco str., Bulgaria, rinkova@abv.bg

Abstract: The economic analysis of law is one of the sections of the institutional economic theory. In the recent years, there is an increasing interest in the interdisciplinary researches. The Economic analysis of Law is a new trend in the scientific knowledge and is developed between the economic theory and the jurisprudence. The paper is a brief chronological overview of the emergence of this new scientific field with reference to leading authors like R.Coase, G. Calabresi, X Becker R.Posner and others. The introduction of the Economic analysis of Law into the training course of leading universities is a position expressed by some Bulgarian authors. / T.Sedlarski, M.Markov /. The paper argues that the economic and the legal systems are interrelated. The institutional and the economic change are a unity of objective processes of transformation in the economic and legal systems of the countries in transition. The legal system influences the behavior of individuals who have the quality according to the economic system as operators / agents . The economic system affects people's behavior accordingly to the legal system. A short overview of the main features and the methodological foundations of the implementation of the Economic of law approach are considered. The subject of the research are scientific principles and reasons for implementing a system of criteria for quality and effectiveness of institutional changes in countries with transforming economy / Bulgaria as an example/.

Keywords: economic analysis of law, institutions, institutional and economic change, quality and efficiency of institutions, economies in transaction

1. Introduction

The need for implementation of new conceptual schemes for the analysis of new realities which are the result of the changes in the socio-economic and political system at the end of XX century and the beginning of XXI century have more supporters. New problems arise and their resolution with the economic instruments is no longer possible. This requires, in addition to the purely economic approaches for the analysis of these processes and phenomena, other social sciences to be involved- Sociology, Law, Philosophy, Psychology and etc. The unification of the specialized sectoral knowledge in a comprehensive system means that there is a qualitative transition from a slide-oriented toward problematic oriented knowledge. The neoclassical economic theory and its principles are proving to be increasingly inappropriate for the studying and the analysis and for the decision-making process concerning the necessary changes and reforms. By virtue of this, institutional methodology is able to give theoretical explanation as well as the general and specific trends for the modernization of the economy for the adjustment of the markets and for the study of the institutional and economic transformation in the former socialist

countries. The application of the institutional paradigm is an approach which is more actively and effectively to be used to study a wide range of economic, social, legal and other problems. The creation of the institutional foundations of a market economy in countries with authoritarian past is an objective necessity for successful economic and political change. It includes the drafting and implementation of certain formal and informal rules, instruments and institutes, the necessity of a mechanisms for state-adjusting, competition and economic freedom, of economic and political pluralism.

One of the trends in the development of the research in public science is the increase of the interest towards the interdisciplinary researches and one of them is the economic analysis of law. It is an element of the neo-institutional economic theory and it is developed on the border between economic theory and jurisprudence. World famous authors connected with the name and with the emergence and application of this new research area are- Harry Becker, R.Coase, R. Posner , D.Calabresi etc. The implementation of the Economic analysis of law as a school discipline in the leading world universities is the basis for the expressed positions from the Bulgarian

authors/T.Sedlarski ,M.Markov and etc./, who accept this idea.

The economic and the legal system are mutually connected. Therefore the implementation of the institutional paradigm in the context of the Economics of law, in the theoretic methodological studies of economists and lawyers, especially in countries with transforming economies are reliable tool for the study of the factors for economic growth and the efficient functioning of the legal system. The subject of the study is the essence and the need of the economic approach to the analysis of the legal phenomena and the processes, then is the formation of the institutional environment as a set of "the rules of the game"/rules, standards and sanctions/, which form the economic, political, social and legal frameworks of the interaction between the actors of the economic system. The institutional change in the countries in transition has its specifics and the application of a system of indicators to measure the institutional efficiency show how effectively are functioning the institutions, the different systems of the state authorities, how effective are the processes of institutionalization of the activities of companies and other socio-economic and political structures.

The methodological approach is complicated and includes the tools of neoclassical institutionalism theory for property and economic analysis of law, the theory for the company and the theory of the state. For the determination of the quality and the efficiency of the institutions that provide the market environment, ensure the rights of property and competition, the compliance with the contracts and the reduction of the transaction costs apply the specific values of the indicators for Bulgaria and on this basis shall be made concrete proposals and possible solutions to increase the institutional efficiency as a factor for economic development.

2. The Need of an Interdisciplinary Approach For The Analysis of The Institutional and The Economic Change in The Transforming Economies

2.1. Content and General Characteristics of The Economic Analysis of Law

The Economic analysis of law is a special section in the neo-institutional economic theory. It is established in the middle of the XX century. For its founding members shall be considered Ronald Coase with its book "Problems of social expenditure" /1960/, D. Calabresi "Some considerations on the occasion of the distribution of the risk and the delict law" /1961/, and Garry Becker "Crime and punishment: economic approach" /1968. Professor at the University of Chicago, Coase is considered the founder of the economic analysis law with his article "The Theory of the company"1937. He proves the importance of the transaction costs and yet that when they are particularly high, they may block the maintenance of negotiations for the conclusion of a transactions. Only judicial authorities may determine which form of exchange can be assumed if the parties are unable to agree without the intervention of a third party and so they affect the efficiency of the allocation of resources. In this way is determined the importance of the legal system. According to R. Coase when proprietary rights are clearly formulated, the object of the property is used in the most profitable purpose.

The term "economic empiricism reflects the attempts of the economists to pick up intellectual territory currently in the possession of the scientists in political science, social science, psychology and etc. "-writes E. Friedman[E. Friedman,1997, p.357]. This term includes constantly widening range of theories, assumptions and empirical researches which shall endeavor with full economic approach to explain the most different on its genesis and scale social phenomena/family relationships, intra racial conflicts, crime, legal norms, political life, historical development of society etc. The interdisciplinary researches concerning the natural and the social sciences have long been in practice. Garry Becker writes, that the economic approach has unique powers because it can integrate a wide range of human behavior" in his

work "Economic analysis of human behavior". [Becker, 1980, p.342] On the base of the economic way of thinking and behavior is enshrined the principle of rationality, i.e. individuals take or not one or other actions depending on the assessment of the expected benefits and costs. One of the main directions of the "economic imperialism" can be defined as the Economics of law. Here the main legal cases such as negligence, the determination of the actual proprietary rights, the adjusting of the relations between shareholders and the managers and others are refracted over the economic way of thinking. Gary Becker receives the Nobel Prize in economics in 1992 for : contribution in expanding the application of the economic approach to the different aspects of human behavior and adapt it in the study of the field of the Basic Sociology, Demographics and Criminology.

In addition to the issuing of many scientific journals in economics and law in the United States, the American economic association added to the classification of the economic fields of research /JEL Codes/ "Economics and law". Thus it is formally recognized for a self-field of the economic analysis.

Richard Posner, a judge in the Supreme Court of the United States wrote the book "Economic analysis of law" /1973/. It was used by the students at the legal and economic faculties. Here exactly and clearly are defined the subjects and the methods of economic theory of law as a school discipline. According to Posner economic efficiency is a universal concept for the emergence of the legal norms and he proposes changes in the existing law to be increased this efficiency. According to him the judges that use the existing law must be familiar with the principles of the economic analysis and to apply them in their decisions.[Posner, 2004, p.675]. In the context of this are numbers of studies and proposals for improving the functioning of the judicial system in Bulgaria, for effective legislation and etc.

The researches in the field of economic analysis of the law can be grouped into the following schools: (Sedlarski, 2011, p.83-84) a/ Chicago school with representatives D.Becker and R. Posner. They analyzed mainly individual rationality in human behavior and offer recommendations for changes in legal regulations; b/ Virginia school /school of public choice/- with authors J Stiglar, J.Buchanan, etc.

They examined the behavior of the bureaucrats, the mechanisms of the public choice and "the grounds for the receipt of political /status rental income" in the situation of public management pyramid of a clerk or a politician; c/ theory of property rights- R. Coase , A.Alchian - they believe that the value of the economic benefits is determined by the totality of the rights that are transferred in transactions with them. They examine the impact of the various regulations of property rights on the efficiency for the use of resources; d/theory for distribution of the responsibilities for the caused damages- of G.Calabresi , which contains recommendations for the efficiency, from an economic point of view, of the establishment of responsibility for the damages caused, which creates incentives for the protection of property rights in society.

The Researchers in the field of the economic analysis of law stress the connection of the functions of law with the basic principles of the subject of the economic science - rationality, efficiency, scarce resources and the need for choice, competition between economic operators, etc. The legal norms define the rights of the economic benefits which are as well limited resources for the satisfaction of limitless needs. They define as well the rules for the transfer of these rights and the penalties for infringement of rights and failure to meet the obligations of the legal entities. In this sense the law fulfils economic functions. Legal norms change the restrictions under which the individuals maximize their functions of value in the use of limited resources.

The main practical task of Economics and law /"economic analysis of law"/ is to estimate how a regulatory legislative act will lead to the desired by legal authority effects through a corresponding change in the behavior of the addressee of the legal norm. This aspect of the effectiveness of the legislation in the development of this new field of study between the economics and the law deserves special analysis and it is extremely important especially for the countries in transition. The reasons for this statement are that in these countries including Bulgaria, the contents of the transition to a market economy includes economic and institutional change. The last implies active "institutional construction', the creation of a legal basis for the universal, total change of the socio-economic and political foundations of this society. This was marked with the adoption of the Constitution of

the Republic of Bulgaria /1991/ and continues with the adoption of other regulations. With the adoption of a regulatory legislative act, irrespective of its rank and legal force, it is necessary to evaluate the actual anticipated effects of the implementation of this act, before it can be adopted. This is the so called "comparative institutional approach" and so it comes the next connected with the effectiveness of the law question - this for the quality of the legal framework. And if you need to transfer to the "economic rails" these relationships we believe that one of the reasons for the delayed economic growth, the decant of foreign investors in Bulgaria is the "institutional a vacuum", the inefficient institutional environment, the corruption and the "professional rental income" of bureaucrats and politicians. The direct connection is recognized between the effective justice and the lasting economic growth. The conclusion is that the law cannot be separated with the economics.

2.2. An Example For "Economic Analysis of Law" Training Course

Because of our inner conviction that the importance of the comprehensive preparation and the interdisciplinary importance of the educational content is increasing, below we offer an illustrative version of the school discipline "Economic analysis of law". It would be useful to be taught both to the students at the economic faculties and those at the legal. The main arguments are that these university faculties in large part will "carry out the institutional and the economic change" in countries with transforming socio-economic and political system. Precisely, because of the methodological principles and their content, these two branches of the public scientific knowledge should be well known. -

The main objectives are: to be applied within the analysis of the law- the efficiency criteria, the categories of economic analysis and tools; to indicate the mutual co-modality of the economic changes in the society and the dynamics of the legal institutes. Here are some examples of the thematic units of the training course /sections/:

- 1) Introduction in the economic analysis of law;
- 2) Economic analysis of property rights;
- 3) Economic analysis of competition law;

- 4) Economic analysis of contract law;
- 5) Economic analysis of civil liability;
- 6) Economic analysis of the judicial process;
- 7) Legal Reform- prerequisites, authorities and procedures, efficiency of the legislation

With this position the authors bring to the attention of the academic audience and the readers one problem with scientific importance and transdisciplinary content. Of course the application of economic analysis of law has its criticism, however the belief is formed that this is one of the most successful attempts to carry the economic tools for the analysis of a social science in another social science. The institutional and the economic change are uniform and continuous processes and according to us the dilemma is not whether "economics and law" are mutually complementary but rather how effectively they interact. The interest of researchers to these problems increases and is certainly not far from the time when the need for development of scientific knowledge in this area will turn the Economic analysis of law into an academic discipline in the Bulgarian universities.

3. Quality and Efficiency of The Institutions: Nature, Indicators, Problems and Guidelines For a Change; Bulgaria as an Example

3.1. The Institutions and Their Effectiveness and Quality

The neo-classical intuitionism defines the institutional environment as a set of "rules of the game" /rules, standards and sanctions/, which form the economic, political, social and legal frameworks of the interaction between the entities. Well-known is the thesis of different authors, that institutional change especially for the countries in transition has specific features: the institutional "construction" and the amendment of the institutions themselves /legal norms and organizations/, the interaction between the formal and the informal institutions, the institutional "vacuum", the import of the institutions and the role of the state as an object and subject to the institutional "construction". At the modern stage of the development of the

economic theory, a significant place is given to the institutes as a key factor for economic growth.

Economic growth and economic development depend on the quality and efficiency of the institutions that provide the market environment, ensure the rights of property, compliance with the contracts and reduction of transaction costs. Institutional efficiency shows how effectively function the institutions /legislation, organizations, agencies/ and how effectively they interact. For the determination of the effectiveness of the institutional environment apply qualitative and quantitative indicators, systems of criteria and other indicators.

The post-socialist reforms, the content of which is a radical change of the economic order showed that institutional structures does not occur automatically and this is a long evolutionary and continuous process.

The neo-classical intuitionism is in the base of the methodological justification of micro and macroeconomic analysis of complex socio-economic processes of institutional and economic change. This change is with a clearly expressed marketing orientation and includes the construction of market institutions, the emergence of new institutional actors, the formation of a new institutional market line. Market transformation is a process of transition from a high degree of centralization to the principles of economic pluralism in the whole system of economic structures. The process of intuitionization includes the reorganization of the institutional forms, rules, roles, standards and change of the principles of the distribution of the benefits. With the increasingly growing importance are the problems for the effectiveness of the institutions, the effective institutional environment and the system of criteria, and the indicators for the measurement of this efficiency. The objectives are comprehensive, but mainly are aiming the development of systems of measures with the aim of increasing the effectiveness of the institutional environment.

The insufficient reporting of the role of the institutions for the economic development in the first years of the transition has led to slower economic growth. The development is multi-dimensional process, including the deep changes in the technical, institutional, economic, social and political sphere. Strategy Europe 2020 offers a vision for the social market economy based on

three priorities- smart, sustainable and inclusive economic growth. The economic growth is a narrower concept than the economic development and can be measured by real GDP growth of one person. The increase of the productivity of the labor market may be the result of technological changes or institutional changes, which affects the specification and the protection of the rights of the property. Douglas North stresses that "the main role that the institutions play in the society is the reduction of uncertainty through the establishment of a sustainable / although and not necessarily effective/ structures of the interaction between the people"(North, 2000)

Supporter of this idea is J.Schumpeter, who says "that the essence of economic development is not only in the accumulation of capital and the growth of the labor force but also in the redistribution of available capital and labor force from less effective spheres of economic activities towards more efficient, which is only possible in the presence of an efficient institutional environment"(Schumpeter, 1998). The reasons for this relationship is the formation and the development of the transactional sector in the economy. This sector is a function and a content of the institutional environment. It is a set of rules, standards and sanctions which form the economic, the political, the social and the legal frameworks of the interaction of the individuals. An intrinsic characteristic of the institutional environment is the presence in it of the so called "institutional vacuum". It is formed when there is no legal basis for the regulation and the adjustment of the newly emerging public relations. For example it was necessary to adopt brand new laws in Bulgaria, in order to be regulated the new type of relations /Law on protection of competition-1991, Commercial Law-1993, Law for municipal ownership-1996 /. When there are informal institutes, values customs, but they do not conform to the new realities, it is also necessary to adopt and/or to adapt to their legal framework. In Bulgaria the institutional matrix of transition was formed on the basis of "import" of institutions, but they had to be adapted to our conditions. The other source of "institutional bulding" was the adoption of laws by the National Assembly, certain regulations, inherited from the administrative command system were repaired and supplemented repeatedly / for example the Penal Code and the Labor Code/.

The Economic theory has developed a system of criteria and indicators for the measurement of the economic and the social performance of different levels of socio-economic activities of the various operators. Our thesis is that effective is that institutional environment that is stable and sustainable, at which the intentions of the economic operators and their realization coincide and they take decisions as rational acting entities in an equilibrium economic environment. This balance is disrupted when the possibility the economic operators rational to use the limited resources is limited due to the institutional barriers and there is an imbalance in the economic system and the opportunistic behavior of the subjects. The institutional efficiency shows how effectively are functioning the institutions, how effective and "in use" are the laws /effective enforcement/, the organizations and the agencies of the legislature, if the executive and the judiciary powers effectively interact. The institutional efficiency characterises the level of realization of the institutions according to their functional purpose (satisfying the personal and the public interests and achieving Pareto-efficiency).

For the determination of the effectiveness of the institutional environment can be used qualitative and quantitative indicators, system of criteria and other indicators which are applied by the different organizations - mainly international, and also inside in the country. It is done through the application of a system of rating of the organizations in the process of the supply of various public services /education, health services/, or monitoring the activities of a separate institution, or through assessment of the effectiveness of the legislative process and etc.

On the effectiveness of the change in the transforming economies counteract the so called "institutional traps". Professor Markov says that they are "inefficient, sustainable norms" (Markov, 2009). These are: the barter, the increase of the mutual indebtedness between the businesses, not payment of taxes, the corruption, the stagnation of production.

Institutional traps" and their negative consequences will be less, if for the institutional reforms, the approach of the forecasting and the design of the institutions is applied. The basic principles of institutional design are referred to by V. Tambotsev (Tambotsev, 1997) and their implementation would enhance the effectiveness

in the development of projects for the change in the institutional environment. They are: 1/ principle of the level completeness of the project; 2/ principle of component completeness of the project; 3/ principle of sufficient diversity of motives and incentives of economic agents, affected by institutional innovation; 4/ principle of maximum immunity from the deviant and the opportunistic behavior; 5/ principle of complicity - each new institution is formed and implemented with the most widely complicity of all affected entities at every stage of its fulfillment.

The conclusion is that with the application of these principles will be rationalised the process of deliberate formation of institutions and thus will be increased their social bias.

3.2. Indicators and Criteria For The Institutional Efficiency and Its Quality/ Where is Bulgaria/

The presented results of the ongoing annual charts of indicators and the system of indicators are reflection of the actual processes of institutional and economic change in Bulgaria. In comparative plan they give us valuable information about how effectively are functioning the institutions and "where are we in the world rankings". The used methodologies for the values obtained are not a subject of the analysis. The data is taken mainly from the website of the Institute for Market Economy (www.ime.bg Institute for Market Economy), and it is on the basis of the studies on various global organizations.

The last decades there has been a considerable progress of the methodologies for the quantitative comparative analysis for the evaluation of the quality of the functioning of the institutes. Calculations and ratings for the different countries are made.

The Global Competitiveness Index

It is annually drawn up by the World Economic Forum. The index is based on 12 pillars, as each of them is an area considered for defining for the competitiveness. The pillars are divided into three groups and each includes the factors affecting competitiveness. The first pillar are the main requirements and it includes the indicators-institutions, infrastructure, macro economic stability, health and primary education. The

second pillar are the ancillary factors for effectiveness with indicators - higher education and training, efficiency of the market of goods, degree of development of the financial markets, technological readiness and the size of the market. The third pillar includes factors and indicators for the degree of development of the business and innovation. In 2013 148 countries have been investigated and with the highest value of the index is Switzerland with the assessment of 5.67 from 7 possible points, followed by Singapore- 5.61, Finland-5.54, etc. The result for Bulgaria is 4.31 points, and in 2012 it was 4.27 points. The country is on the 57 position from 148 countries. In comparison with the countries in Europe, Bulgaria is at the second half of the rankings and is situated between Latvia and Cyprus. The value of the index for the global competitiveness for 2014-2015 is the 54 position and for 2015-2016 is maintaining the same 54 from 144 countries. For this period 2015-2016 for the criterion "institutions" the position of Bulgaria is 107 position, infrastructure-72 ; macroeconomic stability - 53 ; health and primary education- 53; technological readiness of businesses- 38; labor market efficiency-68; effectiveness of the market of goods-61; degree of development of the business-98; innovation-94 position. The lowest are the results for the following indicators: the independence of the judiciary -123 position, which can be explained by the low confidence in the judicial system, the perception of corruption and often changing regulations without a preliminary assessment of the impact. The quality of the common infrastructure, and also the quality of the roads are weaknesses that require enormous resources and change in approaches for distribution; The quality of education is not satisfactory as well- the survey shows that one third of graduates work in office for higher education. This is indicative of a serious gap between education and the labor market.

This index is calculated since 2007 and its value is -74 position for Bulgaria, 2008 -79 position, 2009 - 76 from 134 countries. In 2012, Bulgaria is on the 74 position , 2013 is 62 and 2015-2016 is the 54 position. Concerning the work of the institutions during this period in the country there is a negligible progress. The indicators "trust in politicians", "independence of the judiciary", "divert of public funds" are with the lowest estimates.

The Index of Economic Freedom

In the Annual Report 2014 for economic freedom, prepared by the Canadian Institute "Fraser" with data for 2012, our country occupies 40 position from 152 countries. First is Hong Kong, followed by Singapore, New Zealand etc. Bulgaria has 7.29 points of possible 10, which is a slight increase compared to last year - 7.28 points and 49-position. The Index of Economic Freedom includes the indicators with the following values for 2012 and 2011; government size - 6.99 and 7.14; judicial system and the right to property- 4.98 and 5.03; stable money - 9.47 and 9.32; freedom of international trade- 7.58 and 7.60; regulation- 7.92 and 7.82. During the year 2014 the country is on 40 position, and in 2015 is 42 from 152 countries. In the criterion government size - 61 position; legislative structure and the integrity of private property-94 position, access to a secure and stable money-36 ;freedom of international trade- 46. The criterion for the regulation of the credit, labor and business Bulgaria is on 33 position from 152 countries during the year 2015. But inside, for the regulation of the labor market we are in the 49 position and for the regulation of the business-95. This analysis suggests that the deterioration of the value of the item "government size" is due to the large amount of state transfers and subsidies, the increased volume of public investments /up to 20 % of the total investments/. The currency board continues to ensure the stability of the money and inflation is low. The freedom of international trade reflects the lower customs duties, but tolerates the negative impact of the regulatory barriers. The regulation of the credit, labor and business is an indicator that reflects the obstacles to business, employment and those with banks.

The Index of Economic Freedom for Bulgaria from 1990 is 3.90 , 5.88 in 2001, 7.00 in 2006 and in the 2014 is 7.39 points. In the framework of the EU in 2014 we are in the 20 place. The higher growth rate for Bulgaria will be ensured through the reduction of the adjustment of the business, optimisation of the public expenditure and reforms in the public sector, ensuring the supremacy of law and an independence of judiciary.

The International Index for property right

This index examines the effects of a stable legal and political environment and in the 2013 year are included 131 countries. The Index right of property includes the following indicators: 1/legal and political environment- independence of the judiciary, the rule of law, political stability, control over corruption; 2/ the right of physical property- protection of the right of physical property, registration of property, access to loans for the acquisition of property; 3/right of intellectual property- protection of an intellectual property right, patent protection and piracy of copyright.

First in the list for the year 2013 is Finland with 8.6 points, followed by New Zealand, Sweden and etc. It has been established that better protection of the right of property provides higher GDP per person and higher prosperity, higher economic growth. Bulgaria is with the assessment of 5.5 points compared to 5.4 for 2012 from the maximum 10 points. And we are on the 58 position from 131 countries. The survey shows a clear correlation between the value of the index and the income of an individual of the population. - the countries with the highest incomes have the best protection of the right of property.

With the lowest value is the index "legal and political environment"- 4.8. The problematic areas are "supremacy of law" and "independence of the judiciary power" and are with the values respectively 4.2 and 4.5 points."Control over the corruption" is with the value of 4.0 and this reflects a low level of confidence of the citizens in the institutions that have to protect the right of property. "Protecting the right of intellectual property" has a value only 3.6, which indicates that the copyright law is not properly protected, despite the adopted law on copyright and related rights. The highest is the result for the indicator "patent protection"- 9.1 points. The indicator holds its values- 5.6 in 2009, 5.3 in 2011, 5.5 in 2013 and this slows down the economic development. In the year 2014 the country is on the 50 position and in 2015 by 129 countries Bulgaria is on the 68 position. Concerning the criteria "legal environment" the country occupies an 75 position and on the right of the physical property we are in the 65, right of intellectual property-66 position.

The Index of starting a new business

The survey is made by the World Bank and assesses the rules for starting and doing business

in the country. For the year 2013 are included 185 countries and the quantitative values for 10 groups of indicators. They relate to the rules, regulations and the functions of the institutions for doing business. The indicators are- starting a business, issuing a permit for construction, access to electricity, registration of property, access to credit, protection of the rights of investors, payment of taxes, international trade, implementation of the treaties and the closure of the business. For 2013 Bulgaria occupies 57 position from 185 countries. The main advantages of the country are "access to credit", "protection of investors" and "international trade". It is on the 48 position in 2012 and on the 57 in 2013. The indicator "Payment of taxes" has worsened its positions with 8 points from 83 to 91 position. The reason is the rise in the tax burden, including some local taxes and fees and labour taxes. Only for the items "international trade" and "implementation of the Treaties" has an improvement within two points. When the conditions for business are improving, it can be expected growth of the entrepreneurial activity and economic stabilisation. In 2015 concerning the indicator "starting a company" Bulgaria is on the 52 position; on "the issue of the construction permit" - 51; "connection with electricity"-100; "registration of real estate property"-61; "receipt of credit"-28; "protection of investors"-14; "payment of taxes"-88, "international trade"-20; "execution of contracts"-52 and "closure of the business"-48.

Index of the perception of corruption

This index is determined by Transparency International. In 2015 the country is on the 69 position from 168 countries. The main criteria for evaluation are- the cumulative indicator for the level of corruption, drawn up on the basis of information from independent one of the other sources; the business analyzes and expertise.

Other indicators and their values are: 1/ Index of human development, picked by the United Brands Nations in 2015, Bulgaria is on 59 position from 188 countries; 2/European health consumer index, picked by the Health Consumer Powerhouse in the year 2015, we are on the 31 position from 35 countries; 3/Freedom of the press, picked by Freedom House, Bulgaria is on the 75 position from 199 countries; 4/Index for readiness for e-government, picked by the United Brands Nations during 2014, we occupy the 63 place from 193 countries; 5/Global Innovation

Index, picked by the INSEAD Business School) the country is on 39 position from 141 countries; 6/ in the ranking for Best countries for business we are on the 45 position from 144 countries. Concerning this indicator, it makes impression the big difference in the specific values of indicators that "construct" this index. Concerning "the freedom of trade" we are on the 9 position, monetary freedom-15, right to property-67, innovation-93, bureaucracy-44, corruption-62, technologies-38, tax burden-72, the protection of investors-14, the functioning of the market (stock market)-82 place.

All these indicators give us valuable information about the place of Bulgaria in the international charts and the problems which must be resolved to improve the positions of the country. These data is a carriers of information on the quality and effectiveness of the institutional and economic change in a country with transforming economy. But it must be a starting point for a comprehensive scientific analyzes, for sampling of working rational decisions and real reforms in different socio-economic and political spheres in Bulgaria.

4. Conclusion

The survey and the solving of the problems for the measuring and improving the quality and effectiveness of the institutional and economic change are with growing importance and that is why they have a place in the interdisciplinary studies (in our case this is the relationship of economics and law). The thesis is confirmed for the possibility and the need for application of institutional economic approach and its instruments, in particular-the economic analysis of law.

The conclusions are that the institutional and the economic changes in the country is slow, the reforms are insufficiently effective, especially in certain public spheres. It is necessary legislative changes to be made as a whole. One of the reasons for the delay of the changes is the insufficient administrative capacity, the overregulation for some activities. Each time a certain law or regulation is adopted by the relevant authority, it must be complied with the requirements of the Law on the legislative acts. The formulation of the motives is necessary for a project to become a legislative act. The motives must contain an evaluation of the financial and

the other resources necessary for the implementation of the legislative act, an assessment of its impact and the compliance with other legislative acts.

The drafting and the approbation of methods, systems of criteria and indicators is a necessity for the measurement of the institutional, the economic, the social and the political effectiveness of the functioning of the public system and the achievement of a macroeconomic stability, Pareto-efficiency and social justice.

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